

Message Text

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ORIGIN COME-00

INFO OCT-01 EA-11 NEA-14 ISO-00 EB-11 AGR-20 TRSE-00

AID-20 CIAE-00 FRB-03 INR-11 NSAE-00 RSC-01 XMB-07

OPIC-12 SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 H-03 L-03 PA-04 PRS-01 USIA-15

SWF-02 IO-14 /204 R

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COM/BIC/OIM/FE ADDERHOLD INFO

EA/TB CLSTERMER PHONE

----- 041351

P R 052114Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY RANGOON PRIORITY

INFO AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: BEXP, BM

SUBJ: BURMESE CONSIDERATION OF MAJOR FERTILIZER PROJECT

REF: RANGOON 2347

1. THE MAJOR EXPORT PROJECTS DIVISION (MEPD) HAS
DISSEMINATED INFO ON PROJECT TO THOSE U.S. DESIGN/
CONSTRUCTORS WHICH MIGHT BE INTERESTED IN DESIGNING AND
BUILDING THE AMMONIA AND UREA FACILITIES. EMBASSY
SHOULD KEEP IN MIND THAT THIS COULD REPRESENT
SUBSTANTIAL U.S. EXPORT POTENTIAL IF PROJECT GETS OFF THE
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GROUND. MAIN PROBLEM OF COURSE, WOULD BE FINANCING AND THE

GENERATION OF SUFFICIENT FOREIGN EXCHANGE TO MAKE IT A VIABLE PROJECT FOR U.S. PARTICIPATION IN THE DESIGN/ CONSTRUCTION PHASE.

2. IN RESPONSE TO EMBASSY'S QUERY OF OTHER PARTICIPATION BY PRIVATE U.S. FIRMS IN THE AREA, EMBASSY MAY WISH TO CABLE AMEMB JAKARTA AND AMEMB NEW DELHI FOR INFO REGARDING FERTILIZER DEVELOPMENT AND U.S. PARTICIPATION IN INDONESIA AND INDIA.

3. COOPERATIVE FERTILIZERS INTERNATIONAL (CFI), CHICAGO, HAS BEEN INVOLVED IN INDIA WITH INDIA FARMERS FERTILIZER COOPERATIVES LTD. (IFFCO) FOR A JOINT VENTURE FERTILIZER COOPERATIVE AMMONIA AND UREA FACILITY. IN DISCUSSIONS WITH DONALD THOMAS, PRESIDENT OF CFI, MEPD MENTIONED BURMESE PROJECT AND GUB'S INTEREST IN U.S. PARTICIPATION. BY COINCIDENCE, MR. THOMAS PLANS TO VISIT NEW DELHI THIS MONTH AND HAS EXPRESSED AN INTEREST IN STOPPING IN RANGOON. HE PLANS TO DEPART U.S. ON SEPT. 14. MR. THOMAS WOULD LIKE CLARIFICATION ON THE PROJECT BEFORE HE CHANGES HIS SCHEDULE, HOWEVER.

4. CFI IS A COOPERATIVE MADE UP OF SEVERAL MAJOR U.S. FERTILIZER PRODUCERS WITH TECHNICAL AND MARKETING EXPERIENCE. CFI WOULD BE INTERESTED IN ASSISTING GUB TO SET UP A COOPERATIVE SIMILIAR TO IFFCO, AND SUPPLYING MANAGERIAL AND TECHNICAL ASSISTANCE. IF, HOWEVER, GUB INSISTS ON GOVERNMENT CONTROL OF PROJECT, THEN CFI COULD NOT PARTICIPATE, BUT INDIVIDUAL MEMBERS COULD.

5. MR. THOMAS ALSO REPRESENTS CF INDUSTRIES, A MEMBER OF CFI AND A MAJOR OPERATOR AND TECHNICAL CONSULTANT IN THE FERTILIZER INDUSTRY. CF INDUSTRIES IS ALSO INTERESTED IN PROJECT FROM THE STANDPOINT OF PROVIDING TECHNICAL, MANAGERIAL AND/OR MARKETING ASSISTANCE ON A TONNAGE FEE OR PRODUCT TAKE BASIS (NO EQUITY PARTICIPATION).

6. MR. THOMAS WOULD LIKE TO STOP IN RANGOON IF GUB IS INTERESTED IN EITHER OF THE ABOVE ARRANGEMENTS. HE REITERATED THAT HE WOULD NOT WANT TO DETOUR TO BURMA LIMITED OFFICIAL USE

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IF GUB IS SET ON FINANCIAL PARTICIPATION. HE ALSO WOULD LIKE EMBASSY'S APPRAISAL OF WHETHER PROJECT REALLY WILL BE MOVING FORWARD. HAS FEASIBILITY STUDY BEEN DONE? HAS THERE BEEN ANY FURTHER COMMITMENT FOR FINANCING OR EQUITY PARTICIPATION? IS GUB INTERESTED IN DISCUSSING PROJECT AT THIS TIME, OR ARE THEY JUST PRELIMINARILY PROBING?

7. WOULD LIKE ANSWER SOONEST IN ORDER FOR MR. THOMAS
TO ARRANGE HIS SCHEDULE.

8. IF PROJECT DOES MOVE FORWARD AND FINANCING IS
ARRANGED, THE PRESENCE OF AMERICAN MANAGERIAL OR
TECHNICAL EXPERTISE WOULD, OF COURSE, ENHANCE PROBABILITY
OF U.S. ENGINEERING AND CONSTRUCTION SERVICES AS WELL AS
EQUIPMENT PROCUREMENT FOR PROJECT. PLEASE ADVISE IF
OTHER U.S. OPERATORS HAVE EXPRESSED INTEREST IN PROJECT,
SUCH AS IMC AS MENTIONED REFTEL. KISSINGER

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